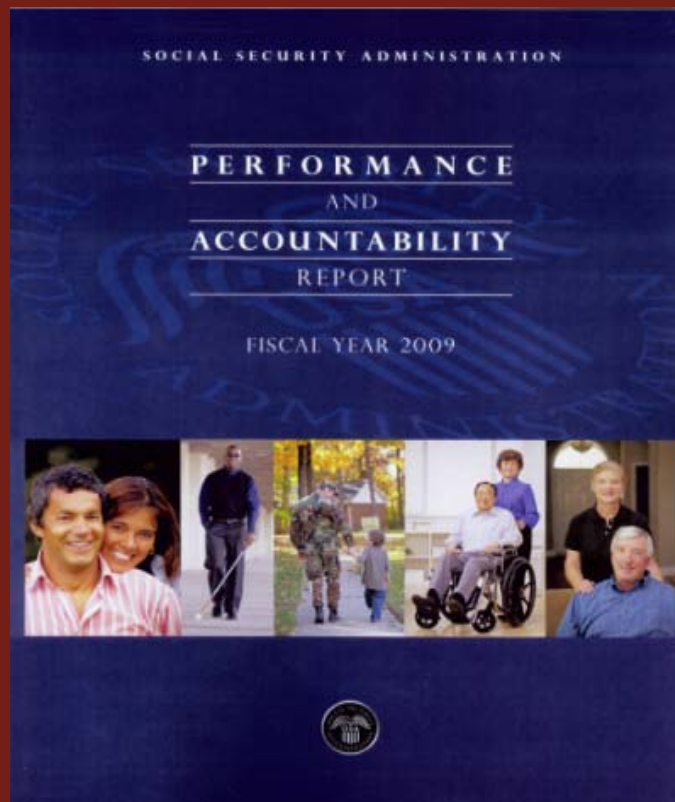




Benefits America!

Social Security Administration

Summary of Performance and Financial Information Fiscal Year 2009



Social Security Administration

Summary of Performance and Financial Information

Fiscal Year 2009



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Our Mission

Deliver Social Security services that meet the changing needs of the public

About This Summary

Our *Summary of Performance and Financial Information for Fiscal Year (FY) 2009* highlights our performance and financial data to help Congress, the public, and other key constituencies assess our stewardship over the resources entrusted to us. Our full *Performance and Accountability Report for FY 2009* is available online at www.socialsecurity.gov/finance/.

Who We Are and What We Do

The stock market crash of 1929 pushed the nation into an economic depression that resulted in mass unemployment. The American public looked to the government to resolve this economic security crisis. In 1935, President Franklin D. Roosevelt signed the *Social Security Act* into law. In 1937, about 53,000 retirees received Social Security benefits. We administer two programs: the Old-Age, Survivors, and Disability Insurance (OASDI) program and the Supplemental Security Income (SSI) program. Today, Social Security is one of the key pillars of American society, providing Social Security benefits and SSI payments to approximately 60 million individuals each month. In addition, we assist individuals in applying for food stamps and Medicare, including subsidies for the Medicare Prescription Drug Plan. Due to the combined effects of the economic recession and the aging baby boomers, applications for retirement and disability benefits have soared. In FY 2009, we paid over \$700 billion in Social Security benefits and SSI payments.

Services We Provided in FY 2009	
Assisted 45 million visitors to our field offices	Issued 17.5 million Social Security cards
Issued almost 53 million \$250 economic recovery payments	Handled 67 million transactions via our National 800 Number
Posted 262 million earnings items to workers' records	Verified Social Security numbers 1.3 billion times
Completed 4.7 million retirement, survivor, and Medicare applications	Completed 244,000 Medicare Prescription Drug Plan subsidy applications
Completed 2.8 million disability applications	Conducted 1.7 million SSI redeterminations
Issued 151 million <i>Social Security Statements</i>	Completed 321,000 SSI aged applications
Handled 1.3 million representative payee accountings and changes	Completed 30 million status changes (e.g., address, direct deposit, wage reports)
Issued 660,842 hearing decisions	Completed 89,066 Appeals Council reviews
Completed 598,000 disability reconsiderations of denied applications	Conducted 317,000 medical continuing disability reviews
Completed 83,000 Food Stamp applications	Completed 2.1 million overpayment actions



Our Strategic Goals and Objectives



Strategic Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence

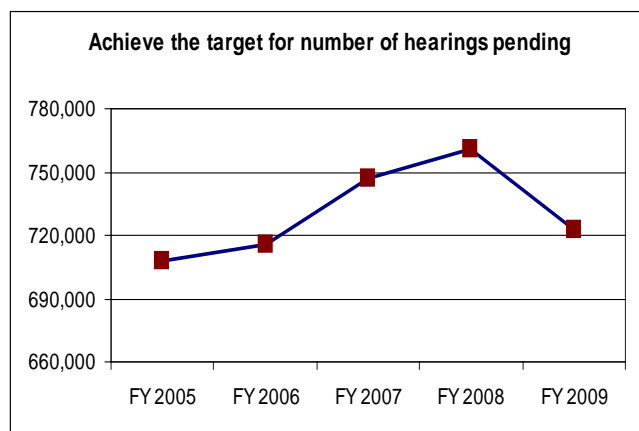
Objectives: Increase our capacity to hear and decide cases
Improve our workload management practices throughout the hearing process

Achieve the target for number of hearings pending

FY 2009 Target: 755,000

Performance: 722,822

In FY 2009, we received 622,851 requests for hearings, 6 percent more than FY 2008 and the most requests ever. Despite this increase, we reduced the number of hearings pending for 9 consecutive months and ended the fiscal year with 37,991 fewer hearings pending than at the start of the year – for the first time since 1999. We achieved this improvement through a wide array of efforts, including hiring additional judges and support staff; using front-end screening procedures to identify possible on-the-record allowances; increasing use of video hearings, such as in our National Hearings Centers that assist heavily backlogged offices; enhancing the hearing office business process; and improving hearing office automation. Eliminating the hearings backlog remains our top priority, and we are on track to reach the optimal pipeline level of 466,000 pending hearings by FY 2013.



Achieve the target to eliminate the oldest hearings pending

FY 2009 Target: Less than 1% of hearings pending 850 days or older

Performance: .14%

We continued to focus on our oldest cases so that we could provide a hearing decision to individuals who have waited the longest. In FY 2008, we virtually eliminated all hearing cases pending at least 900 days. In FY 2009, we targeted hearing requests that would be 850 days or older by the end of the fiscal year. We began the fiscal year with 166,838 cases that met this criteria. By the end of FY 2009, we reduced the number of these pending hearing requests to 228, achieving our target.

Achieve the target to eliminate the oldest Appeals Council cases pending

FY 2009 Target: Less than 1% of Appeals Council cases pending 750 days or older

Performance: .08%

We continued to focus on the oldest cases at the Appeals Council level. In FY 2009, we targeted Appeals Council cases that would be pending 750 days or more by the end of the fiscal year. We began the fiscal year with 12,184 cases that met this criteria. By the end of FY 2009, we reduced the number of these pending cases to 10, achieving our target.

Strategic Goal 2: Improve the Speed and Quality of Our Disability Process

- Objectives: Fast-track cases that obviously meet our disability standards
Make it easier and faster to file for disability benefits online
Regularly update our disability policies and procedures

Achieve the target percentage of initial disability claims identified as a *Quick Disability Determination* or a *Compassionate Allowance*

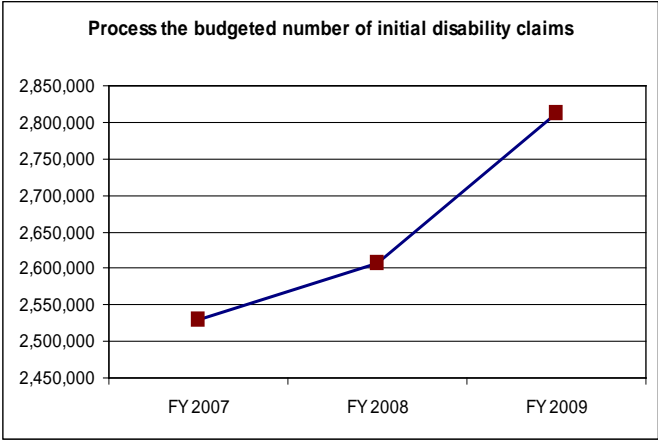
FY 2009 Target: 3.8%	Performance: 3.8%
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The *Quick Disability Determination* (QDD) and *Compassionate Allowance* processes enable us to fast-track those applicants with the most severe disabilities. QDD identifies cases where a favorable disability determination is highly likely, and evidence of the condition can be easily and quickly verified, such as low birth-weight babies, certain cancers, and end-stage renal disease. Similarly, the *Compassionate Allowance* process provides a way of quickly identifying diseases and other medical conditions that clearly meet our definition of disability, such as acute leukemia, pancreatic cancer, and amyotrophic lateral sclerosis (more frequently referred to as Lou Gehrig’s disease). In FY 2009, we issued more than 92,000 favorable disability determinations under these two fast-track processes.

Process the budgeted number of initial disability claims

FY 2009 Target: 2,637,000	Performance: 2,812,918
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Our disability programs are complex and consume over half of our front-line employees’ time. Due to the combined effects of the aging baby boomers and the economic downturn, we received 431,555 more initial disability claims in FY 2009 than we received in FY 2008, the most applications ever. Despite these challenges, we exceeded our target by over 175,000 cases through the effective use of additional hires and overtime, technology support to fast-track certain case types, and an efficient electronic business process.



Achieve the target percentage of initial disability claims filed online

FY 2009 Target: 18%	Performance: 21%
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In FY 2009, almost 600,000 individuals filed for disability benefits online, more than doubling the number of disability claims filed online in FY 2008. We exceeded our target percentage of online disability claims because we introduced our new online application called *iClaim*. *iClaim* enables individuals to electronically file for benefits from the comfort and convenience of their homes or offices. We launched an aggressive marketing campaign to increase public awareness of the advantages and availability of this online service.

Strategic Goal 3: Improve Our Retiree and Other Core Services

- Objectives: Dramatically increase baby boomers’ use of our online retirement services
Improve our telephone service
Improve service for individuals who visit our field offices
Process our Social Security number workload more effectively and efficiently

Achieve the target percentage of retirement claims filed online

FY 2009 Target: 26%

Performance: 32%

To meet the changing needs of the public, we continued developing a wide range of online and automated services. In FY 2009, 833,433 individuals filed for retirement benefits online. This was more than a 100-percent increase over the number of online retirement claims filed in FY 2008 (407,443). Over 2 million retirement claims have been filed online. While it took more than 7 years to receive the first million online retirement claims, we received the second million in less than 2 years.

We were able to exceed our target by implementing our new and improved online application for benefits. The online application makes it easier and faster to apply for retirement benefits as it only asks questions pertinent to the applicant’s situation and uses prompts, streaming videos, and other techniques to support the user’s online experience. We launched our nationwide marketing campaign with actress Patty Duke, our celebrity spokesperson, to encourage individuals to apply online for retirement benefits. We also greatly improved our *Retirement Estimator*, a quick and secure online financial planning tool to help individuals determine their optimum retirement date.



View our retirement videos at www.socialsecurity.gov/planners/about.htm

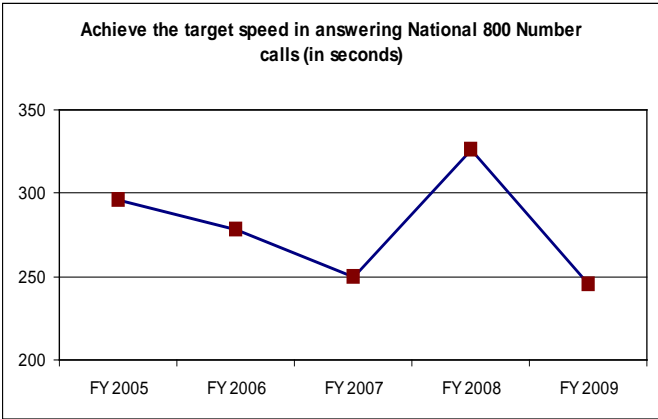
Achieve the target speed in answering National 800 Number calls

FY 2009 Target: 330 seconds

Performance: 245 seconds

In FY 2009, we hired approximately 1,400 new employees in our field offices, Social Security cards centers, and processing centers, including about 260 additional employees in our National 800 Number teleservice centers.

With this additional staff, we handled nearly 67 million transactions in the more than 82 million calls placed to the National 800 Number in FY 2009. In FY 2009, we answered calls 25 percent faster than in FY 2008, thus exceeding our target.



Percent of individuals who do business with SSA rating the overall service as “excellent,” “very good,” or “good.”

FY 2009 Target: 83%

Performance: 81%

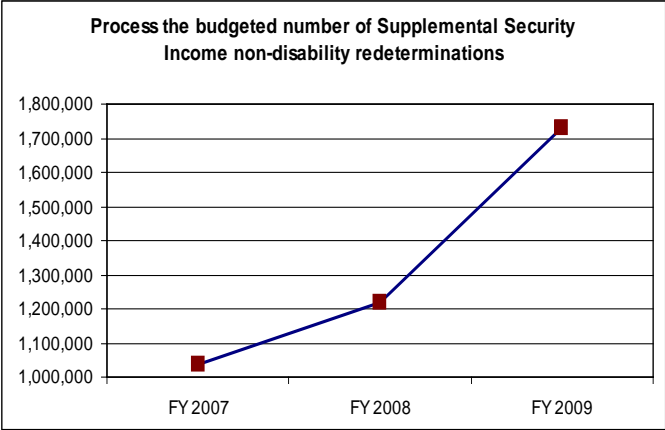
We carefully monitor the public’s perception of the quality of our services. Using surveys, we identify specific areas of service where improvements would have the greatest impact on overall satisfaction. To improve our service performance, in FY 2009, we hired additional staff to fill front-line positions; maximized use of overtime; improved our business processes; simplified policies; enhanced online services; and continued to improve our automated systems. Although we did not achieve our FY 2009 service target of 83 percent, we maintained our FY 2008 score despite significant growth in our service demands.

Strategic Goal 4: Preserve the Public’s Trust in Our Programs

- Objectives: Curb improper payments
- Ensure privacy and security of personal information
- Maintain accurate earnings records
- Simplify and streamline how we do our work
- Protect our programs from waste, fraud, and abuse
- Use “green” solutions to improve our environment

Process the budgeted number of Supplemental Security Income non-disability redeterminations	
FY 2009 Target: 1,711,000	Performance: 1,730,575

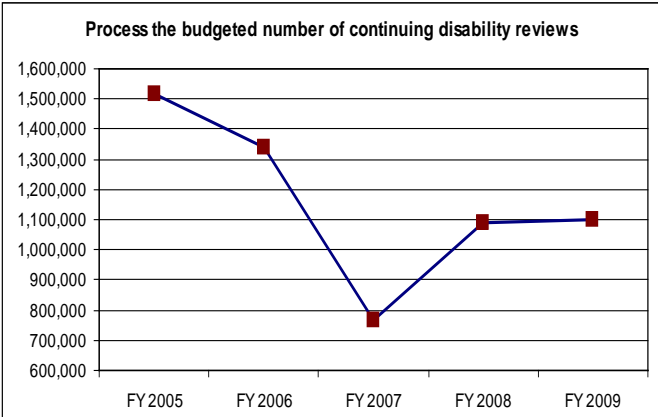
To ensure we are making accurate SSI payments , we conduct periodic redeterminations to review individuals’ non-medical eligibility factors, such as income and resources. Redeterminations are cost effective, saving \$7 for every \$1 invested, including savings accruing to Medicaid. In past years, we were forced to reduce some of our stewardship activities, including redeterminations, to devote limited resources to critical workloads. However, with increased funding in FY 2009, we completed 42 percent more redeterminations than in FY 2008, exceeding our target.



Process the budgeted number of continuing disability reviews	
FY 2009 Target: 1,079,000	Performance: 1,101,983

To ensure we pay disability benefits only to those people who continue to meet our medical requirements, we periodically conduct continuing disability reviews (CDRs). CDRs are cost effective, saving \$10 for every \$1 invested. We expanded use of an electronic CDR process, which will increase productivity and eliminate a labor-intensive paper process. Because of these initiatives and increased funding we received in FY 2009, we exceeded our target.

Note: The FY 2009 target of 1,079,000 includes 329,000 full medical CDRs and 750,000 CDR mailers that do not require a medical review.



Our Management and Performance Challenges



In FY 2009, our Office of the Inspector General reassessed the top management and performance challenges facing the agency. The two most significant factors prompting this review were the issuance of a new Agency Strategic Plan (<http://www.socialsecurity.gov/asp>) and our funding and accountability requirements under the *American Recovery and Reinvestment Act (ARRA) of 2009*. The following information is the Inspector General's new list of eight challenges and a brief summary of how we addressed these challenges in FY 2009.

1. Implement ARRA Effectively and Efficiently

Under ARRA, we were provided funds to address three major efforts: \$500 million to replace our National Computer Center; \$500 million to handle disability and retirement workloads; and \$90 million for the administrative costs to issue one-time economic recovery payments of \$250 to eligible individuals receiving Social Security benefits and SSI payments. In response to ARRA and the Office of Management and Budget's guidance, we developed an ARRA Risk Management Plan, which outlines our major challenges and risk mitigation activities associated with implementing the requirements of ARRA.

2. Reduce the Hearings Backlog and Prevent Its Recurrence

Eliminating the hearings backlog continued to be our focus in FY 2009. Our goal is to reduce the number of pending hearings to 466,000 by FY 2013. In May 2007, we began implementing our *Hearings Reduction Backlog Plan*. The *Plan* includes initiatives for improving hearing office procedures, increasing adjudicatory capacity, and increasing efficiency with automation and improved business processes. More information about our hearings and appeals process is available at www.socialsecurity.gov/appeals.

3. Improve the Timeliness and Quality of the Disability Process

In FY 2009, initial disability claims receipts were approximately 13 percent higher than in FY 2008. To handle this influx of cases, we are refining and expanding QDD and the Compassionate Allowance process to fast-track disability claims that are most likely allowances. We are developing a multi-year plan to address the increase in initial disability claims.

4. Reduce Improper Payments and Increase Overpayment Recoveries

We are responsible for issuing timely benefit payments to about 60 million people monthly. Given our annual payments totaling about \$700 billion, even the slightest error can result in millions of dollars in improper payments. We continue to use a variety of methods to collect debt. We are also continuing to improve our ability to prevent overpayments and underpayments by implementing the Inspector General's audit recommendations.

5. Improve Customer Service

Many factors affect our ability to deliver quality customer service to the public, including shifting demographics, growing workloads, changing customer service expectations, and an aging workforce. We are increasing the availability and use of our online services to meet our customer service challenges. We are also implementing various strategies to address our human capital challenges.

6. Invest in Information Technology (IT) Infrastructure to Support Current and Future Workloads

We will not be able to manage our current and future workloads without the proper IT infrastructure. To address this challenge, we began production on a second processing center. We are also replacing our aging processing systems and databases, as well as improving our automated telephone service.

7. Strengthen the Integrity and Protection of the Social Security Number

In FY 2009, we issued approximately 18 million original or replacement Social Security number cards. We have implemented many improvements in our enumeration process, including dedicated Social Security card centers, which focus exclusively on assigning Social Security numbers and issuing Social Security cards.

8. Improve Transparency and Accountability

Government should be transparent and accountable. We continually revise our performance measures and goals to provide the public with information about our performance. We also post how we are using ARRA funds to our website at www.socialsecurity.gov/recovery.

Our Financial Information



Financial Highlights

We received an unqualified opinion on our FY 2009 financial statements from our Office of the Inspector General. In addition, our *Federal Managers' Financial Integrity Act* assurance statement contained no material weaknesses or non-conformances and we are in compliance with the *Federal Financial Management Improvement Act*. Our financial statements combined the results from the programs we administer which include the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) and SSI programs. OASI and DI have separate funds which are financed by payroll and self-employment taxes, interest on investments, and income taxes on benefits. SSI is financed by general revenues from the U.S. Treasury. Following is a summary of financial information for FY 2009. Our financial statements, notes, and additional information appear on pages 91 through 144 of our full FY 2009 *Performance and Accountability Report* (www.socialsecurity.gov/finance/).

Financial Position (dollars in billions)				
	FY 2009	FY 2008	Increase/(Decrease)	% Change
Total Assets	\$2,553.6	\$2,414.7	\$138.9	5.8%
Less: Total Liabilities	\$94.8	\$87.2	\$7.6	8.7%
Net Position (Total Assets less Total Liabilities)¹	\$2,458.8	\$2,327.5	\$131.3	5.6%

1. Totals do not necessarily equal the sum of rounded components.

Assets: Of our total assets, \$2,538.2 billion relates to earmarked funds for the OASI and DI programs, and approximately 98.1 percent are investments. Investments increased \$137.1 billion over the previous year largely due to tax revenues of \$668.2 billion and interest on those investments of \$118.2 billion, exceeding the cost of operations of \$731.6 billion.

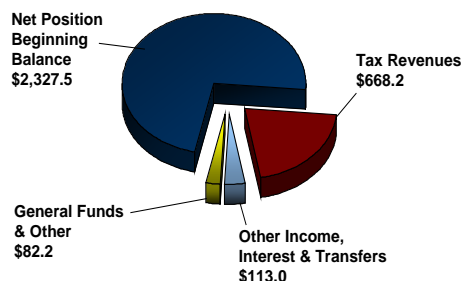
Liabilities: Growth in benefits due and payable was the driving force behind the \$7.6 billion increase in total liabilities that occurred in FY 2009. The majority of our liabilities (84.2 percent) consist of benefits that have accrued as of the end of the fiscal year but have not been paid.

Net Position: Our net position grew \$131.3 billion to \$2,458.8 billion, which is attributable to financing sources in excess of the agency's net cost. At this time, tax revenues continue to exceed benefit payments made to OASI and DI beneficiaries, keeping the agency's programs solvent. The charts to the right summarize the activity on our Statement of Net Cost and Statement of Changes in Net Position by showing the sources and uses of funds for FY 2009.

Net Cost: Our net cost of operations increased \$73.3 billion to \$731.6 billion, primarily due to the first wave of baby boomers attaining retirement age. Of this increase, \$59.3 billion resulted from increased benefits and \$14 billion resulted from increased operating expenses. The increase in operating expenses is predominantly due to \$13.1 billion one-time economic recovery payments made to eligible Title II and Title XVI beneficiaries authorized by the ARRA.

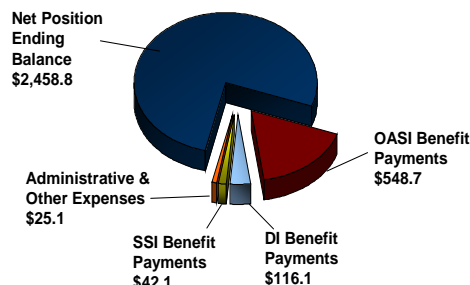
Where It Comes From...

(Dollars in Billions)



...Where It Goes

(Dollars in Billions)



OASI and DI Trust Fund Solvency: The combined OASI and DI Trust Funds are deemed adequately financed for the short term (next 10 years) when actuarial estimates of the combined OASI and DI Trust Fund assets for the beginning of each calendar year are at least as large as program obligations for the year. Estimates in the 2009 Trustees Report indicate that the combined OASI and DI Trust Funds are adequately financed over the next 10 years. Separately, the OASI Trust Fund is estimated to be adequately financed over the short term, but the DI Trust Fund is estimated to fall below the level of annual obligations by 2014, and, therefore, is not adequately financed over the short term.

Our financing is not projected to be sustainable over the long term with the tax rates and benefit levels scheduled in current law. In 2016, program costs will exceed tax revenues, and in 2037, the combined OASI and DI Trust Funds will be exhausted and able to pay only partial benefits according to the projections by our Chief Actuary. For more information, please see the 2009 OASDI Trustees Report (www.socialsecurity.gov/OACT/TR/2009/) and our full FY 2009 *Performance and Accountability Report* (www.socialsecurity.gov/finance/).

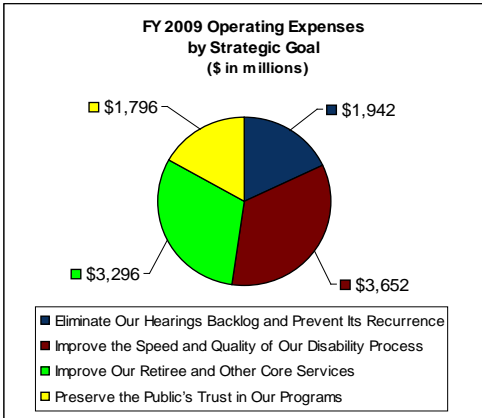
American Recovery and Reinvestment Act of 2009

President Obama signed ARRA into law on February 17, 2009. It was an unprecedented effort to jumpstart our economy, create or save millions of jobs, and to address long-neglected challenges so our country can thrive in the 21st century.

We received over \$1 billion in funding under ARRA. This funding included \$500 million to tackle our retirement and disability workloads; \$90 million for administrative costs to issue \$250 economic recovery payments; and \$500 million to construct and partially equip a new data center to replace our aging National Computer Center. These substantial investments are helping us address the dramatically increasing service demands.

Our FY 2009 Operating Expenses by Strategic Goal

This chart exhibits the distribution of our FY 2009 operating expenses allocated to our four strategic goals. ARRA expenses were subtracted from operating expenses before being distributed to the strategic goals.



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